

Investors Education - Prevention of Money Laundering

1. Prevention of Money Laundering Act, 2002 (PMLA) is enacted to prevent the financing of terrorism and to prevent laundering of money.
2. It is an obligation of individual/entities to whom PMLA is applicable, to report certain kind of transactions routed through them to Financial Intelligence Unit (FIU).
3. PMLA is, inter-alia, applicable to various SEBI/RBI regulated intermediaries which includes merchant bankers, portfolio managers, alternative investment funds, depository participants, investment advisors, stock brokers, etc.
4. Aventus Group has entities which are SEBI/RBI registered intermediaries holding licenses such as Portfolio Manager, Merchant Banking, Investment Adviser, Alternative Investment Fund, Depository Participant, Non Banking Financial Company etc. (“Aventus”).
5. Regulatory authorities have issued circulars wherein intermediaries are instructed to adopt written procedures to implement the anti- money laundering provisions specifically covering the following three parameters which are related to the overall ‘**Client Due Diligence Process**’:
 - a. Policy for acceptance of clients
 - b. Procedure for identifying the clients
 - c. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)”
6. Hence, entities of Aventus have adopted the Anti-Money Laundering and Combating of Financing of Terrorism Policy (“Policy”).
7. As per the Policy, Aventus has put in place a robust system of complying with the PMLA requirements. Aventus would do an extensive due diligence for certain categories of clients like clients based in high risk jurisdictions, unusual transactions by Clients of Special Categories like Politically Exposed Persons, Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations and such other clients as defined extensively in the policy.
8. While opening new accounts, all the prescribed procedures of KYC, Client Identifications and Client Due Diligence would need to be strictly followed in the context of ensuring the compliance under PMLA by Aventus and clients are requested to co-operate for the same.
9. Further, all the record of transaction(s) and client identifications would need to be preserved by Aventus in a manner which can be retrieved promptly and reported to the authorities in the specified format as and when required.
10. Clients are advised to be fully conversant with the provisions of PMLA and any amendments thereto from time to time and to co-operate with Aventus by providing the additional information(s)/document(s), if asked for, to ensure the compliance requirements under PMLA.
11. Clients are advised to provide certain information which may be of personal nature or has hitherto never been called for such information can include documents evidencing source of funds/income tax returns/bank records etc. Clients are advised to co-operate with Aventus whenever such information is sought for from PMLA perspective.
12. Clients are advised to be vigilant and to refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering freedom and causing damage to the nation. Clients are supposed to provide their active co-operation in the due compliance of the law.
13. Please visit the website of FIU (www.fiuindia.gov.in), SEBI (www.sebi.gov.in) and RBI (www.rbi.org.in) for any further information on the subject.